

MASTER SETTLEMENT AGREEMENT

Why is the Board of Equalization performing inspections?

The Board of Equalization (BOE) is performing routine inspections statewide to increase compliance with Cigarette and Tobacco Licensing requirements and to reduce cigarette and tobacco tax evasion.

What are you looking for?

We are looking to verify that cigarettes in your inventory have valid California tax stamps attached to them and the cigarettes and roll-your-own tobacco products are listed on the Attorney General's Tobacco Directory. We are also looking for supporting purchase and sales documentation to substantiate your inventory.

What is the Law?

The law states that no person shall affix any tax stamp to a package of cigarettes or pay the tobacco products tax on roll-your-own tobacco if the tobacco product manufacturer and brand family are not included on the Attorney General's California Tobacco Directory. In addition, no person shall sell, offer, or possess for sale in this state, or import for personal consumption in this state, cigarettes or roll-your-own tobacco products if the manufacturer and brand family are not included in the Directory. The Directory can be viewed at www.caag.state.ca.us/tobacco/directory.htm. Statute can be found in Revenue and Taxation Code section 30165.1(e).

(over)



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What happens if BOE inspectors find products that I can't legally sell?

The inspectors will seize any untaxed, counterfeit, or illegal cigarette and/or tobacco products they find. They may also issue you a citation.

What should I do if BOE seizes my products?

For tax paid cigarettes and roll-your-own tobacco products seized as the result of non-compliance with the Attorney General's Directory, the BOE provides you two weeks from the date of seizure to contact the licensed distributor/supplier who sold the merchandise to you and obtain a credit for returning the cigarettes and/or tobacco products seized. If you need assistance contacting your distributor, please let us know.

Upon written notice from you that the licensed distributor/supplier will take the product back and grant a credit, any previously tax paid, non-contraband, seized cigarette and/or tobacco product will be returned to your distributor. After two weeks have lapsed and the BOE has received no notification from you of your ability to obtain a credit, all previously seized cigarette and/or tobacco product will be forfeited to the State, pursuant to sections 30436 and 30437 of the Revenue and Taxation Code.

Where can I get more information?

If you have questions or concerns, please

- Contact the Investigations Division at 916-324-0105
- Write to the Investigations Division, MIC:42; Board of Equalization; P.O. Box 942879; Sacramento, CA 94279-0042
- Online: See www.boe.ca.gov or www.caag.state.ca.us